MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

PAT0084 – INTRODUCTION TO COST AND MANAGEMENT ACCOUNTING

(Foundation in Business)

28 FEBRUARY 2020
3.00 PM - 5.00 PM
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FOUR** pages with **FOUR** questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet.

STRUCTURED [100 MARKS]

Instructions: Answer **ALL** questions. Write your answers in the Answer Booklet.

QUESTION 1

Part A

The HandyCo produces three products, X, Y and Z all made from the same material. HandyCo uses activity-based costing system. Information for the three products for the previous year was as follows:

	X	Y	Z	Total
Production and sales volume (units)	11,200	8,000	12,000	
Direct material usage (kg) per unit	3kg	4kg	5kg	
Direct labour usage (hours) per unit	0.2 hr	0.3 hr	0.4 hr	
Number of machine set-up per annum	13	9	8	30
Number of purchase orders per annum	20	20	40	80
Number of deliveries per annum	45	30	50	125

The price for direct materials remained constant throughout the year at RM 1.50 per kg. The direct labour cost for the whole workforce was RM 13.50 per hour. The annual manufacturing overhead costs were as follows:

Activity cost pool	Manufacturing overhead (RM)
Machine set-up costs	24,000
Ordering costs	50,000
Delivery costs	55,000
Total manufacturing overhead costs	129,000

REQUIRED

a) Assuming activity cost pools for machine set-ups, ordering, and delivery are used, calculate the activity cost driver rates for each of the three cost pools. (1.5 marks)

b) Using the activity cost driver rates determined in (a), calculate the total manufacturing overhead cost assigned to product X, Y and Z. (4.5 marks)

c) Calculate the manufacturing overhead cost per unit for each product X, Y and Z. (1.5 marks)

d) Calculate the total manufacturing cost per unit for each product X, Y and Z. (6 marks)

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Part B

The Furni Manufacturing Co has started business on 1st November 2019. During the month, 2,500 unit of tables were started in Cutting Department. Only 1,000 were completed during November and transferred out to Assembling Department. In Cutting Department, all materials had beed added to the ending work in process. The cost information in Cutting Department is as follows:

Costs incurred during the month:

Direct material	RM 150,000
Direct labour	RM 60,000
Manufacturing overhead	RM 45,000

The ending work in process units were 50% complete as to direct labour and 60% complete as to manufacturing overheads. There is no units of opening work in process.

REQUIRED

a) Calculate the ending work in process units in Cutting Department. (1.5 marks)

b) Calculate the total equivalent units of production for materials, labour and overhead costs in Cutting Department. (3 marks)

c) Calculate the costs per equivalent unit for materials, labour and overhead costs in Cutting Department. (3.5 marks)

d) Calculate the total costs per equivalent unit in Cutting Department. (1.5 marks)

e) Calculate the costs of ending work in process in Cutting Department. (2 marks)

(Total 25 marks)

QUESTION 2

Part A

The Music Club of MMU is planning its annual dinner at the end of year 2020. The dinner committee has assembled the following expected costs for the event:

Detail	Amount (RM)
Dinner (per person)	18
Favors and program (per person)	2
Band	2,800
Rental of ballroom	1,900
Advertising	1,300

The committee members would like to charge RM35 per person for the event.

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REQUIRED

a) Compute the break-even point for the annual dinner. (in terms of number of persons who must attend) (4 marks)

b) Assume that last year 300 persons attended the annual dinner. If the same number attend this year, what price per ticket must be charged in order to break-even? (4 marks)

c) If the number of ticket sold is 500 tickets, calculate the net profit that the club will generate. (4 marks)

d) Give any **THREE** assumptions of cost-volume-profit analysis. (3 marks)

Part B

Vidai Company produces tote bags. Vidai Company has the following sales projections in year 2020:

	Budgeted tote bags sales in units
Quarter 1	20,000
Quarter 2	30,000
Quarter 3	35,000
Quarter 4	40,000

Vidai Company wants to have 20% of the next quarter's sales in units on hand at the end of each quarter. Inventory at the end of 2020 is estimated to be 3,500 tote bags.

REQUIRED

Prepare the production budget for each quarter and the total for the year 2020. (10 marks)

(Total 25 marks)

QUESTION 3

Clocky Clock produces clocks and sells 150 units per year. The following estimated production costs per unit were provided:

	RM
Direct material	200
Direct labour	150
Variable manufacturing overhead	130
Fixed factory overhead (40% avoidable)	400

An outside supplier has offered to produce the clocks for RM600 per unit.

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REQUIRED

a) Calculate the total relevant costs to purchase the 150 units of clock from outside supplier. (3 marks)

b) Calculate the total relevant costs to manufacture the 150 units of clock. (14 marks)

c) Should Clocky Clock purchase or manufacture the 150 units of clock? Why? (4 marks)

d) Arisa is currently a student of Foundation program in Melaka Campus and would like to visit a friend at Cyberjaya Campus. She is trying to decide whether to drive or take bus. She wants to carefully consider the costs of the following list of items to consider:
   i. Cost of petrol to travel between Melaka Campus and Cyberjaya Campus.
   ii. Annual cost of car insurance and road tax.
   iii. Cost of parking at Cyberjaya Campus.
   iv. Depreciation on Arisa's car.

   Which costs (i-iv) are relevant or irrelevant in this decision? (4 marks)

(Total 25 marks)

QUESTION 4

The following information related to Symphony Sdn. Bhd. for the month of December 2019.

The normal production capacity on which the fixed production overhead is based is 45,000 units. There was no opening inventory at the beginning of December 2019.

Selling price per unit	RM 14
Actual production quantity for the period	40,000 units
Sales quantity for the period	35,000 units
Direct materials cost per unit	RM 3
Direct labour cost per unit	RM 2
Variable production overhead cost per unit	RM 4
Fixed production overheads per period	RM 90,000
Fixed selling costs per period	RM 15,000
Fixed administrative costs per period	RM 10,000

REQUIRED

a) Calculate the unit product costs using marginal costing and absorption costing methods. (5 marks)

b) Prepare the statements of profit or loss for the month ending 31th December 2019 using:
   i) Marginal Costing (10 marks)
   ii) Absorption Costing (10 marks)

(Total 25 marks)
End of Paper